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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

November 24, 2015

CERTIFIED RETURN RECEIPT
7013 3020 0002 3659 6467

Nicolas Lott
American Gilsonite Corporation
29950 South Bonanza Highway
Bonanza, Utah 84008

Subject: Notice of Cancellation/Termination of Reclamation Surety, Bond Number
American Gilsonite Company, Bonanza Mine, M/047/0010, Uintah County, Utah

Dear Mr. Lott:

The Division of Oil, Gas and Mining (Division) was notified that the surety bond for the Bonanza mines (permit number) will be cancelled effective February 20, 2016. The terms of the surety state that the bond may be cancelled by the Surety ninety (90) days following receipt by the Division and Principal of such cancellation notice.

Paragraph 5 of the Reclamation Contract, states the operator shall provide a replacement surety within sixty (60) days following the Division's receipt of the cancellation/termination notice. If you fail to provide a replacement surety by January 19, 2016, the Division will be forced to do any/some of the following:

- Carry out the terms of surety bond number
- Submit a request to the Board of Oil, Gas and Mining to withdraw the permit
- Order the cessation of mining operations
- Order immediate reclamation of all lands affected

If you have questions or require assistance regarding the surety, please contact Penny Berry (801) 538-5291 or by email at pennyberry@utah.gov. Thank you in advance for your prompt attention to this important permitting requirement.

Sincerely,

Paul Baker
Minerals Program Manager

PBB:pb

Cc: Travelers Casualty and Surety Company of America
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